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SIPDIS

SENSITIVE

STATE PASS TO USTR

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SUBJECT: JORDAN AGREES TO POSITIVE STEPS TO FACILITATE  
TRADE, LIMIT DAMAN PROGRAM

REF: 04 USDOC 05774

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1. (SBU) SUMMARY: In a call on Minister of Industry and Trade Ahmad Hindawi April 4, Commerce Assistant Secretary William Lash was briefed on Jordan's latest positive responses to USG concerns (reftel) regarding trade barriers created by Jordan's DAMAN product conformity program. Hindawi promised to implement suppliers' declarations of conformity and to use a risk assessment system at the border, in lieu of the current intensive pre-shipment or border inspections of imports into Jordan. A/S Lash welcomed these responses, and praised Jordan for its fast-growing trade under Qualifying Industrial Zone (QIZ) agreement with Israel and the U.S., as well as the bilateral Free Trade Agreement (FTA). Lash also noted progress made by Jordan on intellectual property rights and urged even more IPR law enforcement to enhance Jordan's reputation for building a knowledge-based economy attractive to foreign investors. Both officials expressed amazement at the large turnout for the Rebuild Iraq 2005 exhibition held in Amman April 4-7, which has given Amman some of its highest hotel occupancy rates in the last few years. END SUMMARY.

GOJ Reminder on Tariff Reduction Acceleration  
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2. (SBU) In a brief meeting at the Ministry of Industry and Trade during a break in the Rebuild Iraq 2005 trade show, Hindawi said that while the bilateral trade relationship had its issues, overall trade was booming and there was hope for continued growth in the future. He reminded A/S Lash of Jordan's outstanding requests for the acceleration of tariff reductions under the FTA and its call for a review of the Israel-Jordan QIZ arrangement so that it is more nearly equivalent to the Israel-Egypt QIZ agreement signed last December 10. At the same time, Hindawi noted that Jordanian QIZs would continue to improve their competitiveness and seek to produce more "high-end" and niche products than Egypt could. A/S Lash noted that the USTR was handling the GOJ's requests on trade. He also praised Jordan for its competitive strategy and encouraged Jordan to diversify its productive capacity away from garments, especially in the wake of the end of the Multi-Fibre Arrangement.

Two Positive Steps on DAMAN  
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3. (SBU) Hindawi launched without prompting into his government's response to expressed U.S. concerns (reftel) regarding trade inhibiting pre-shipment inspection regimes connected with the DAMAN product conformity program. He said that, based on concerns outlined in Charge's January 9 demarche on DAMAN, the GOJ had agreed in principle to recognize Suppliers' Declaration of Conformity (SDOC) to standards. A second step would be the implementation next month of a risk assessment system at Jordan's borders that would take into account the low risk associated with certain countries of product origin (NOTE: To date, no U.S.-origin products have registered in the monitoring system run by the French contractor Bureau Veritas under a contract with the Jordan Institute of Standards and Metrology (JISM), hence the risk is zero. END NOTE.) Earlier, Jordan had devised a risk system to include factors such as product, importer, and exporter but not country of origin. He said the GOJ was making a commitment to this new effort to allow products into the market; after importation they could be inspected. In a conversation on the margins of the meeting, JISM Director General Yaseen Khayyat told Emboff that the details of these two new initiatives had not been worked out, promising to provide them as they became available. But Hindawi emphasized the decisions had been made.

4. (SBU) Lash expressed appreciation for the GOJ's willingness to solve mutual problems, including the growing U.S. trade deficit with Jordan. Noting Jordan's lack of standards labs, and low human capacity, Hindawi appealed for U.S. technical assistance to raise JISM's overall performance and to create in Jordan a legal liability system that it was virtually lacking. A/S Lash mentioned assistance from such

groups as the American Trial Lawyers Association (ATLA).  
Post will follow up with JISM to obtain their wish-list of  
potential assistance needs.

IPR

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15. (SBU) A/S Lash noted Jordan has made great progress on IPR, pointing to its newly amended Copyright Law (NOTE: now the law of the land as of March 31, to be reported septel). Enforcement was just as important as the laws, said A/S Lash, and as Jordan increased productivity and gained jobs through a knowledge-based economy, these types of legal reforms would attract investors who had confidence in the system. He urged the GOJ to continue this positive trend. Dr. Hindawi said that the GOJ was doing what it could to move forward on IPR.

16. (SBU) The Rebuild Iraq 2005 exhibition was so big, said Hindawi, that he had to spend two hours going through it at a fast walk, without stopping. A/S Lash replied that this kind of success showed how important Jordan was as a gateway to Iraq. (NOTE: Hotel occupancy rates were at near-record highs during the exhibition, with at least one Hotel boasting 98 percent occupancy. Finding a hotel room became nearly impossible for late-comers.) Both noted in particular the impressive turnout of Iraqi business people.

17. (SBU) COMMENT: These two proposals are a good step forward and a positive response to reftel demarche, but the proof will be in the pudding. Post will look into the details of the risk assessment and SDOC initiatives and follow up as needed.

HALE